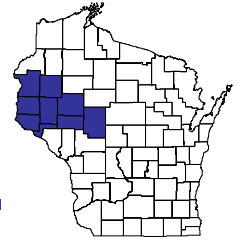


WORKFORCE OBSERVATIONS

for the West Central Wisconsin counties

Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix



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Wisconsin Department of Workforce Development

Spring 2006

In this issue:

- > As of 2005, one out of every four "working age" people in West Central are between the ages of 50-64. By 2015 through 2020, that ratio is projected to increase to about one of every three.
- > The labor force participation rate (LFPR) of those aged 65 and older has declined from 27 percent in 1948 to about 15 percent in 2005.
- > March ended the quarter with 238,396 residents employed, up 5,226 over the year.
- > Local employers added 3,355 jobs during the first quarter. Most of these jobs revolved around the resumption of seasonal industries like leisure & hospitality.

West Central's Graying Workforce

Unless you've been living under a rock for the last few years, you're sure to have heard some form of the dire news that the oldest baby boomers are on the verge of retirement. Articles and books with titles "The 2010 Melt-down", "The Aging Workforce Crisis" and "The Perfect Workforce Storm" seem to be published every week. So what does all this mean?

First, there is some ambiguity in defining the concept of retirement. Some economic research defines retirement as the complete withdrawal

employers to expand their efforts to keep retirement aged employees around longer. But the question is—are they willing to stick around?

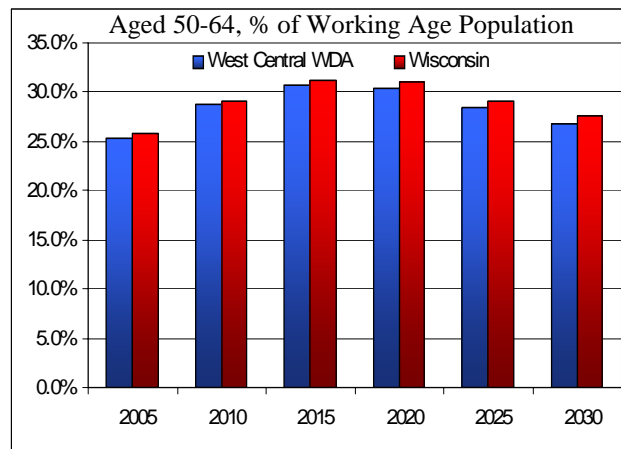
The idea of people working later in life is subject to vigorous debate. Some research suggests that in the coming years a higher rate of our older population will have to work well into their golden years to maintain living standards whether remaining in their current careers or taking different 'post-retirement' work. Whether or not they need to come back,

human resources researchers have suggested that at least some are willing to work longer—but on their terms, and with their individual schedules. On the other hand, some scholars believe this notion to be exaggerated in light of the fact that the average age of complete withdrawal from the labor force has been in decline for many decades and that nothing is likely to impede this decline. The latter opinion likely takes into account the fact that the labor force participation rate (LFPR) of those aged 65 and older has declined from 27 percent in 1948 to about 15 percent in 2005 (nationally, U.S. BLS),

and has not been higher than 19 percent since 1961.

Regardless of speculation on employment matters, the fact remains that West Central Wisconsin will have a higher share of their population in retiree and 'pre-retiree' age groups in the coming decades. The graph on this page shows the current and projected share of those aged 50-64 as a percentage of the total "working age" population (16-64). As of 2005, one out of every four "working age" people in West Central are between the ages of 50-64. Though the share of the 50-64 age group is less severe in West Central than in

(Continued on page 2)



from the labor force; alternate definitions allow for those who have 'retired' from their careers to keep their retiree label even if they enter back into the labor force in some (usually limited) capacity.

However you choose to define retirement, the fact remains that the general population is getting older. One implication is that there will be relatively fewer workers to take the place of those retiring, leaving many to wonder how employers will adjust. These retirees aren't just leaving a hole in the workforce, they're taking specialized skills and experience with them. Concerns about the transfer of this accumulated knowledge have led some

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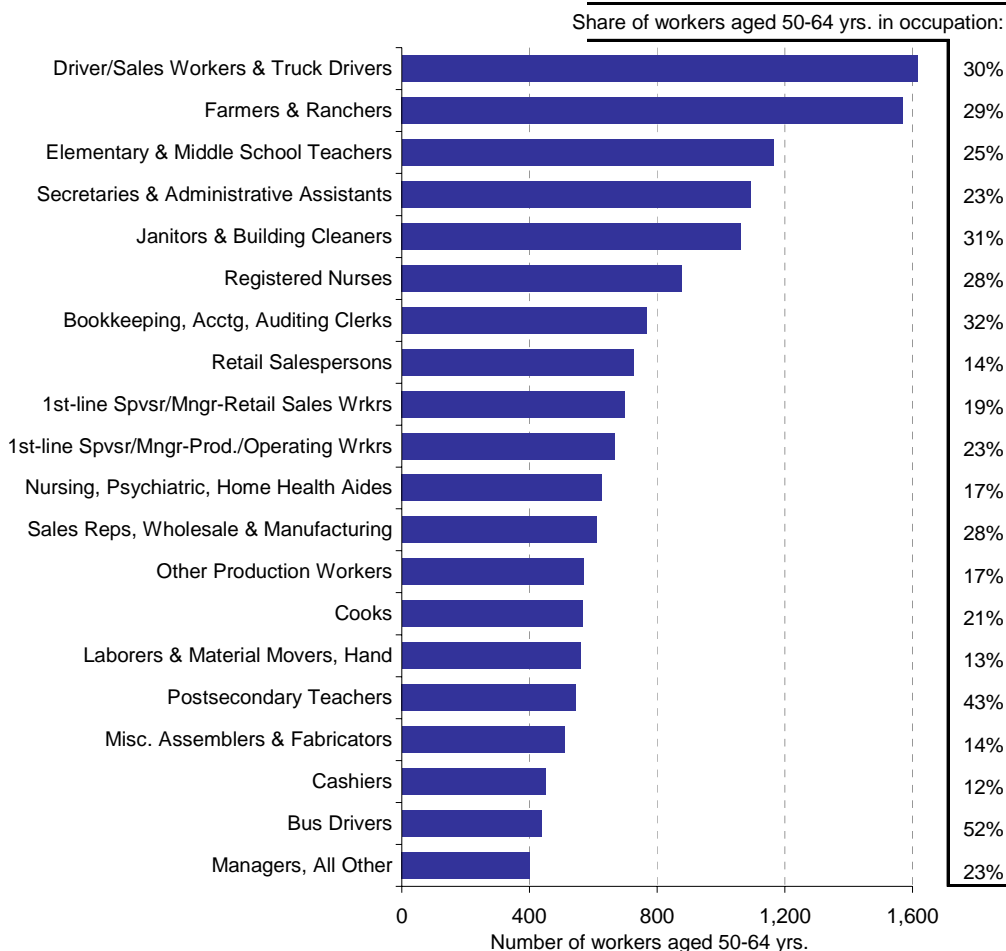
or find more labor market information at

<http://dwd.wisconsin.gov/oea>

Largest occupations of workers aged 50-64 years old in West Central Wisconsin

Wisconsin as a whole (due to West Central's large student populations) by 2015 through 2020, the ratio is projected to be about one of every three! For the record, the likelihood that a person aged 50-64 is participating in the labor force is about 66 percent (in Wisconsin), which is very respectable considering the overall rate in the state is just over 70 percent.

No one can predict the future, and it's possible that employers may adjust in unforeseen ways. The effects of immigration haven't even been discussed in this article, for example. Regardless of whether you consider the aging workforce a crisis or not, one thing is certain—if the looming workforce changes are a storm, then the clouds are getting close. And lightning is on the horizon.



Source: US Census 2000, Public Use Microdata file

Civilian Labor Force Estimates* for West Central Wisconsin counties

| | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|---------------|
| Barron | | | | | | | | | |
| Labor force | 26,049 | 25,744 | 25,467 | 32,815 | 32,671 | 32,202 | 17,800 | 17,405 | 17,632 |
| Employed | 24,230 | 24,625 | 23,563 | 30,565 | 31,193 | 29,799 | 16,514 | 16,657 | 16,234 |
| Unemployed | 1,819 | 1,118 | 1,904 | 2,250 | 1,478 | 2,403 | 1,286 | 748 | 1,398 |
| Unemp. Rate | 7.0 | 4.4 | 7.5 | 6.9 | 4.5 | 7.5 | 7.2 | 4.3 | 7.9 |
| Dunn | | | | | | | | | |
| Labor force | 24,305 | 24,166 | 24,399 | 54,337 | 54,954 | 53,321 | 3,976 | 3,986 | 3,915 |
| Employed | 22,951 | 23,333 | 22,996 | 52,004 | 53,074 | 50,702 | 3,723 | 3,817 | 3,622 |
| Unemployed | 1,354 | 833 | 1,404 | 2,333 | 1,880 | 2,618 | 252 | 169 | 294 |
| Unemp. Rate | 5.5 | 3.4 | 5.8 | 4.3 | 3.4 | 4.9 | 6.3 | 4.3 | 7.5 |
| Pierce | | | | | | | | | |
| Labor force | 23,644 | 23,447 | 23,229 | 24,540 | 24,044 | 24,292 | 44,539 | 43,873 | 43,624 |
| Employed | 22,307 | 22,576 | 21,914 | 22,652 | 22,994 | 22,569 | 41,703 | 42,207 | 40,969 |
| Unemployed | 1,337 | 871 | 1,314 | 1,888 | 1,050 | 1,723 | 2,835 | 1,666 | 2,656 |
| Unemp. Rate | 5.7 | 3.7 | 5.7 | 7.7 | 4.4 | 7.1 | 6.4 | 3.8 | 6.1 |
| Polk | | | | | | | | | |
| Labor force | 23,644 | 23,447 | 23,229 | 24,540 | 24,044 | 24,292 | 44,539 | 43,873 | 43,624 |
| Employed | 22,307 | 22,576 | 21,914 | 22,652 | 22,994 | 22,569 | 41,703 | 42,207 | 40,969 |
| Unemployed | 1,337 | 871 | 1,314 | 1,888 | 1,050 | 1,723 | 2,835 | 1,666 | 2,656 |
| Unemp. Rate | 5.7 | 3.7 | 5.7 | 7.7 | 4.4 | 7.1 | 6.4 | 3.8 | 6.1 |
| St. Croix | | | | | | | | | |
| Labor force | 23,644 | 23,447 | 23,229 | 24,540 | 24,044 | 24,292 | 44,539 | 43,873 | 43,624 |
| Employed | 22,307 | 22,576 | 21,914 | 22,652 | 22,994 | 22,569 | 41,703 | 42,207 | 40,969 |
| Unemployed | 1,337 | 871 | 1,314 | 1,888 | 1,050 | 1,723 | 2,835 | 1,666 | 2,656 |
| Unemp. Rate | 5.7 | 3.7 | 5.7 | 7.7 | 4.4 | 7.1 | 6.4 | 3.8 | 6.1 |
| Eau Claire MSA | | | | | | | | | |
| Labor force | 87,152 | 87,625 | 85,523 | 252,003 | 250,290 | 248,082 | * not seasonally adjusted | | |
| Employed | 82,569 | 84,267 | 80,502 | 236,650 | 240,477 | 232,368 | | | |
| Unemployed | 4,583 | 3,358 | 5,021 | 15,353 | 9,813 | 15,713 | | | |
| Unemp. Rate | 5.2 | 3.8 | 5.9 | 6.1 | 3.9 | 6.3 | | | |

Workforce Changes in First Quarter, 2006

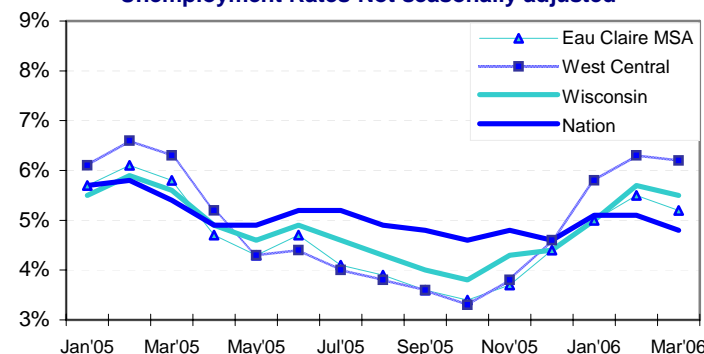
The unemployment rate for West Central Wisconsin peaked during the first quarter, following the usual seasonal trend. The rate in February was 6.3 percent, and will likely be the highest rate the area sees all year. However, this was the lowest February rate since 2001. As temperatures dropped, industries with strong seasonal components, like construction, hit the low points of their employment cycle. But by March, employment was already ramping up in anticipation of warmer temperatures around the corner.

The number of residents with jobs climbed steadily throughout the first quarter, showing a stronger growth trend than recent years. March ended the quarter with 238,396 residents

(Continued on page 3)

WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

Unemployment Rates-Not seasonally adjusted



| | | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Eau Claire MSA | Jan'05 | Feb'05 | Mar'05 | Jan'06 | Feb'06 | Mar'06 |
| West Central | 6.1% | 6.6% | 6.3% | 5.8% | 6.3% | 6.2% |
| Wisconsin | 5.5% | 5.9% | 5.6% | 5.0% | 5.7% | 5.5% |
| Nation | 5.7% | 5.8% | 5.4% | 5.1% | 5.1% | 4.8% |

employed, up 5,226 over the year.

All of the counties in West Central Wisconsin experienced a drop in employment from the fourth quarter of 2005 to the first quarter of 2006, following the usual trend. However, local employers added 3,355 nonfarm jobs during the first quarter. Most of these jobs revolved around the resumption of seasonal industries like leisure & hospitality. The construction sector hired, though in truth it didn't lay off as many workers as usual during the winter months.

Most counties showed improvement from last year at this time. The reduction in government jobs diminished total job growth compared with one year ago. While most counties are added jobs in education and health care since last year, the Chippewa-Eau Claire metro area outpaced the other seven counties in the region in this high growth sector.

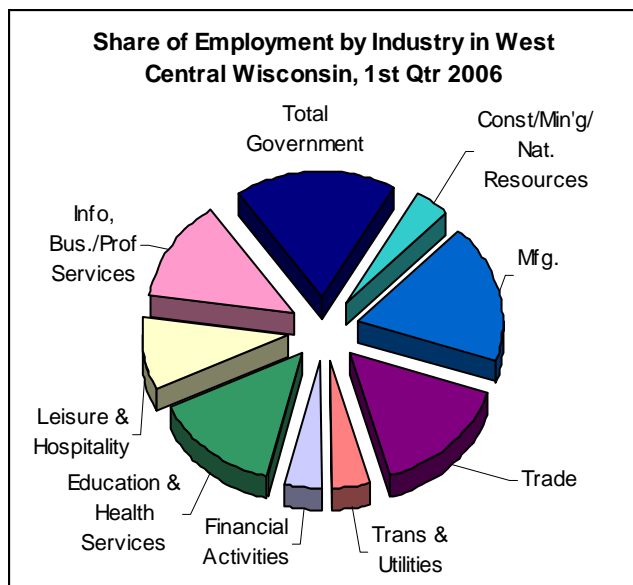
| West Central Wisconsin | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 |
|--|-------------------|-------------------|-------------------|
| Total Nonfarm jobs | 182,768 | 189,325 | 181,084 |
| Const/Min'g/Nat. Resources | 7,225 | 9,137 | 6,741 |
| Manufacturing | 32,429 | 32,911 | 31,967 |
| Trade | 28,564 | 29,780 | 28,579 |
| Transportation & Utilities | 7,491 | 7,753 | 7,258 |
| Financial Activities | 7,508 | 7,465 | 7,410 |
| Education & Health Services | 25,802 | 25,803 | 25,028 |
| Leisure & Hospitality | 16,711 | 17,758 | 16,531 |
| Information, Professional & Business Srv. & Other Services | 23,881 | 24,381 | 23,300 |
| Total Government | 33,157 | 34,337 | 34,269 |

Nonfarm Wage and Salary Employment Estimates for West Central Wisconsin Counties

| | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 | Qtr 1 2006 | Qtr 4 2005 | Qtr 1 2005 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Barron | | | | | | | | | | | | |
| Total Nonfarm jobs | 21,773 | 22,532 | 21,345 | 10,236 | 10,523 | 10,125 | 16,730 | 17,368 | 17,093 | 78,500 | 81,033 | 77,000 |
| Const/Min'g/Nat. Resources | 569 | 869 | 532 | 447 | 606 | 447 | 518 | 660 | 514 | 2,767 | 3,367 | 2,467 |
| Manufacturing | 5,665 | 5,847 | 5,692 | 2,920 | 2,924 | 2,887 | 2,437 | 2,490 | 2,351 | 10,800 | 10,900 | 10,467 |
| Trade | 3,476 | 3,610 | 3,431 | 1,391 | 1,496 | 1,389 | 2,592 | 2,676 | 2,598 | 13,300 | 13,900 | 13,167 |
| Transportation & Utilities | 526 | 550 | 511 | 462 | 487 | 434 | 1,711 | 1,777 | 1,683 | 3,033 | 3,100 | 2,900 |
| Financial Activities | 635 | 626 | 610 | 280 | 279 | 279 | 489 | 485 | 483 | 3,867 | 3,833 | 3,800 |
| Education & Health Services | 2,731 | 2,722 | 2,641 | 1,269 | 1,225 | 1,188 | 1,661 | 1,654 | 1,729 | 13,133 | 13,167 | 12,667 |
| Leisure & Hospitality | 1,641 | 1,751 | 1,633 | 648 | 686 | 644 | 1,499 | 1,601 | 1,474 | 7,133 | 7,533 | 7,167 |
| Info, Prof/Bus.Srv. Othr Srv. | 2,081 | 2,026 | 1,906 | 806 | 781 | 773 | 1,783 | 1,826 | 1,623 | 12,300 | 12,567 | 12,200 |
| Total Government | 4,448 | 4,532 | 4,389 | 2,011 | 2,039 | 2,085 | 4,039 | 4,200 | 4,639 | 12,167 | 12,667 | 12,167 |
| Pepin | | | | | | | | | | | | |
| Total Nonfarm jobs | 2,150 | 2,270 | 2,085 | 10,244 | 10,861 | 10,684 | 15,538 | 15,899 | 15,485 | 27,597 | 28,839 | 27,266 |
| Const/Min'g/Nat. Resources | 155 | 176 | 147 | 521 | 670 | 443 | 586 | 787 | 591 | 1,662 | 2,002 | 1,600 |
| Manufacturing | 139 | 137 | 145 | 926 | 946 | 895 | 4,045 | 3,991 | 3,947 | 5,496 | 5,676 | 5,584 |
| Trade | 511 | 534 | 501 | 889 | 940 | 1,071 | 1,962 | 2,056 | 2,041 | 4,444 | 4,568 | 4,382 |
| Transportation & Utilities | 70 | 71 | 77 | 321 | 368 | 339 | 283 | 302 | 297 | 1,084 | 1,099 | 1,018 |
| Financial Activities | 77 | 75 | 71 | 395 | 399 | 391 | 455 | 461 | 527 | 1,310 | 1,307 | 1,249 |
| Education & Health Services | 298 | 298 | 295 | 1,314 | 1,338 | 1,260 | 2,297 | 2,267 | 2,211 | 3,097 | 3,133 | 3,038 |
| Leisure & Hospitality | 111 | 153 | 105 | 1,016 | 1,120 | 1,049 | 1,556 | 1,590 | 1,470 | 3,106 | 3,324 | 2,989 |
| Info, Prof/Bus.Srv. Othr Srv. | 213 | 226 | 215 | 1,276 | 1,286 | 1,242 | 1,834 | 1,856 | 1,741 | 3,588 | 3,812 | 3,600 |
| Total Government | 577 | 600 | 529 | 3,586 | 3,794 | 3,994 | 2,520 | 2,588 | 2,661 | 3,810 | 3,918 | 3,807 |
| Pierce | | | | | | | | | | | | |
| Total Nonfarm jobs | 2,150 | 2,270 | 2,085 | 10,244 | 10,861 | 10,684 | 15,538 | 15,899 | 15,485 | 27,597 | 28,839 | 27,266 |
| Const/Min'g/Nat. Resources | 155 | 176 | 147 | 521 | 670 | 443 | 586 | 787 | 591 | 1,662 | 2,002 | 1,600 |
| Manufacturing | 139 | 137 | 145 | 926 | 946 | 895 | 4,045 | 3,991 | 3,947 | 5,496 | 5,676 | 5,584 |
| Trade | 511 | 534 | 501 | 889 | 940 | 1,071 | 1,962 | 2,056 | 2,041 | 4,444 | 4,568 | 4,382 |
| Transportation & Utilities | 70 | 71 | 77 | 321 | 368 | 339 | 283 | 302 | 297 | 1,084 | 1,099 | 1,018 |
| Financial Activities | 77 | 75 | 71 | 395 | 399 | 391 | 455 | 461 | 527 | 1,310 | 1,307 | 1,249 |
| Education & Health Services | 298 | 298 | 295 | 1,314 | 1,338 | 1,260 | 2,297 | 2,267 | 2,211 | 3,097 | 3,133 | 3,038 |
| Leisure & Hospitality | 111 | 153 | 105 | 1,016 | 1,120 | 1,049 | 1,556 | 1,590 | 1,470 | 3,106 | 3,324 | 2,989 |
| Info, Prof/Bus.Srv. Othr Srv. | 213 | 226 | 215 | 1,276 | 1,286 | 1,242 | 1,834 | 1,856 | 1,741 | 3,588 | 3,812 | 3,600 |
| Total Government | 577 | 600 | 529 | 3,586 | 3,794 | 3,994 | 2,520 | 2,588 | 2,661 | 3,810 | 3,918 | 3,807 |
| Polk | | | | | | | | | | | | |
| Total Nonfarm jobs | 2,150 | 2,270 | 2,085 | 10,244 | 10,861 | 10,684 | 15,538 | 15,899 | 15,485 | 27,597 | 28,839 | 27,266 |
| Const/Min'g/Nat. Resources | 155 | 176 | 147 | 521 | 670 | 443 | 586 | 787 | 591 | 1,662 | 2,002 | 1,600 |
| Manufacturing | 139 | 137 | 145 | 926 | 946 | 895 | 4,045 | 3,991 | 3,947 | 5,496 | 5,676 | 5,584 |
| Trade | 511 | 534 | 501 | 889 | 940 | 1,071 | 1,962 | 2,056 | 2,041 | 4,444 | 4,568 | 4,382 |
| Transportation & Utilities | 70 | 71 | 77 | 321 | 368 | 339 | 283 | 302 | 297 | 1,084 | 1,099 | 1,018 |
| Financial Activities | 77 | 75 | 71 | 395 | 399 | 391 | 455 | 461 | 527 | 1,310 | 1,307 | 1,249 |
| Education & Health Services | 298 | 298 | 295 | 1,314 | 1,338 | 1,260 | 2,297 | 2,267 | 2,211 | 3,097 | 3,133 | 3,038 |
| Leisure & Hospitality | 111 | 153 | 105 | 1,016 | 1,120 | 1,049 | 1,556 | 1,590 | 1,470 | 3,106 | 3,324 | 2,989 |
| Info, Prof/Bus.Srv. Othr Srv. | 213 | 226 | 215 | 1,276 | 1,286 | 1,242 | 1,834 | 1,856 | 1,741 | 3,588 | 3,812 | 3,600 |
| Total Government | 577 | 600 | 529 | 3,586 | 3,794 | 3,994 | 2,520 | 2,588 | 2,661 | 3,810 | 3,918 | 3,807 |
| St. Croix | | | | | | | | | | | | |
| Total Nonfarm jobs | 2,150 | 2,270 | 2,085 | 10,244 | 10,861 | 10,684 | 15,538 | 15,899 | 15,485 | 27,597 | 28,839 | 27,266 |
| Const/Min'g/Nat. Resources | 155 | 176 | 147 | 521 | 670 | 443 | 586 | 787 | 591 | 1,662 | 2,002 | 1,600 |
| Manufacturing | 139 | 137 | 145 | 926 | 946 | 895 | 4,045 | 3,991 | 3,947 | 5,496 | 5,676 | 5,584 |
| Trade | 511 | 534 | 501 | 889 | 940 | 1,071 | 1,962 | 2,056 | 2,041 | 4,444 | 4,568 | 4,382 |
| Transportation & Utilities | 70 | 71 | 77 | 321 | 368 | 339 | 283 | 302 | 297 | 1,084 | 1,099 | 1,018 |
| Financial Activities | 77 | 75 | 71 | 395 | 399 | 391 | 455 | 461 | 527 | 1,310 | 1,307 | 1,249 |
| Education & Health Services | 298 | 298 | 295 | 1,314 | 1,338 | 1,260 | 2,297 | 2,267 | 2,211 | 3,097 | 3,133 | 3,038 |
| Leisure & Hospitality | 111 | 153 | 105 | 1,016 | 1,120 | 1,049 | 1,556 | 1,590 | 1,470 | 3,106 | 3,324 | 2,989 |
| Info, Prof/Bus.Srv. Othr Srv. | 213 | 226 | 215 | 1,276 | 1,286 | 1,242 | 1,834 | 1,856 | 1,741 | 3,588 | 3,812 | 3,600 |
| Total Government | 577 | 600 | 529 | 3,586 | 3,794 | 3,994 | 2,520 | 2,588 | 2,661 | 3,810 | 3,918 | 3,807 |

Current quarter preliminary. Estimates based on 2005 benchmark. Summing from unrounded numbers.

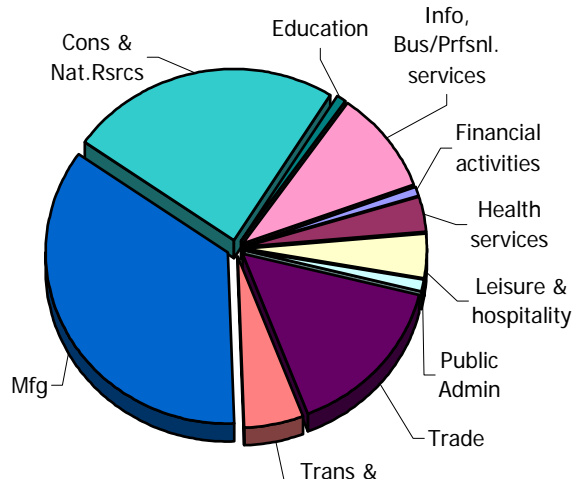
The Workforce Album: First Quarter, 2006



- > The number of residents filing claims for unemployment compensation benefits decreased during the first quarter from 1,324 in the week ending January 7 to 935 in the week ending April 1.
- > The majority of claims filed were from manufacturing and construction workers. The construction and manufacturing sectors tend to be strongly affected by seasonality, typically shedding jobs in the winter months.

- > The CPI increased 0.5 percent during the first quarter and was 3.6 percent higher than in the same quarter in 2004.
- > The CPI has been heavily influenced by soaring energy prices, which jumped 17.1 percent last year and is up 21.8 percent in the first quarter of 2006.
- > Compensation costs for civilian workers increased 0.7 percent this quarter, up 2.8 percent over last year.
- > While the wages and salaries component is still significantly below past years, increases have continued at a moderate pace (2.7 percent over the year). Benefits costs also increased, though at a slower rate than during 2005.

Initial Claims for Unemployment Benefits by Industry in Qtr 1 2006 in West Central Wisconsin



| Consumer Price Index - All items (not seasonally adjusted) | Change over previous quarter | | | | over yr Qtr 1 2005 |
|---|------------------------------|---------------|---------------|---------------|--------------------------|
| | Qtr 2 2005 | Qtr 3 2005 | Qtr 4 2005 | Qtr 1 2006 | |
| United States | 1.3% | 1.2% | 0.5% | 0.5% | 3.6% |
| Midwest cities (50,000-1.5 million pop.) | 1.2% | 1.2% | 0.5% | 0.2% | 3.2% |
| Midwest cities (less than 50,000 pop.) | 1.5% | 1.7% | 0.3% | 0.2% | 3.7% |
| Employment Cost Index (not seasonally adjusted) | | | | | |
| Civilian total compensation | 0.6% | 0.8% | 0.6% | 0.7% | 2.8% |
| Private industry total compensation | 0.7% | 0.6% | 0.5% | 0.8% | 2.6% |
| Local & state govt. total compensation | 0.3% | 2.0% | 0.9% | 0.5% | 3.7% |
| Civilian wages | 0.6% | 0.7% | 0.6% | 0.7% | 2.7% |
| Private wages | 0.6% | 0.6% | 0.5% | 0.7% | 2.4% |
| Local & state government wages | 0.2% | 1.3% | 0.9% | 0.3% | 2.8% |
| Civilian benefits | 0.7% | 1.2% | 0.5% | 0.9% | 3.4% |
| Private industry benefits | 0.9% | 0.7% | 0.3% | 1.0% | 3.0% |
| Local & state government benefits | 0.5% | 3.1% | 1.0% | 0.7% | 5.4% |

Source: US Bureau of Labor Statistics

